

ОАО Распадская
Pro Forma Consolidated Financial Information
Year ended 31 December 2006

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Independent Accountants' Examination Report

The Board of Directors
OAO Raspadskaya

We have examined the pro forma adjustments reflecting the transaction described in Note 1 and the application of those adjustments to the historical amounts in the accompanying pro forma consolidated income statement of OAO Raspadskaya (the "Company") for the year ended December 31, 2006. These historical consolidated financial statements are derived from the historical consolidated financial statements of the Company, which were audited by us, appearing elsewhere herein, historical financial information of OAO MUK-96 ("MUK-96") and historical financial information of ZAO Razrez Raspadsky ("Razrez Raspadsky"). Such pro forma adjustments are based on management's assumptions as described in Note 2. The Company's management is responsible for the pro forma financial information. Our responsibility is to express an opinion on the pro forma financial information based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included such procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

The objective of this pro forma financial information is to show what the significant effects on the historical financial information might have been had the transaction occurred at an earlier date. However, the pro forma consolidated financial information is not necessarily indicative of the results of operations or related effects on financial position that would have been attained had the above-mentioned transaction actually occurred earlier.

In our opinion, management's assumptions provide a reasonable basis for presenting the significant effects directly attributable to the above-mentioned transaction described in Note 1, the related pro forma adjustments give appropriate effect to those assumptions, and the pro forma column reflects the proper application of those adjustments to the historical financial statement amounts in the pro forma consolidated income statements for the year ended December 31, 2006.

Ernst & Young LLC

April 13, 2007

OA0 Raspadskaya

Pro Forma Consolidated Income Statement

Year ended 31 December 2006

(In thousands of US dollars, except for per share information)

	Raspadskaya	MUK-96	Razrez Raspadsky	Elimination	Pro forma adjustments		Total
				Intragroup sales and purchases (Note 3)	Acquisition of MUK-96 and Razrez Raspadsky (Note 4)	Sales through entity under common control (Note 5)	
Revenue							
Sale of goods	\$ 465,394	\$ 18,323	\$ 14,379	\$ (60,752)	\$ –	\$ 28,050	\$ 465,394
Rendering of services	6,696	–	23,370	(26,671)	–	–	3,395
	472,090	18,323	37,749	(87,423)	–	28,050	468,789
Cost of revenues	(260,208)	(8,665)	(17,974)	87,009	(17,591)	(22,760)	(240,189)
Gross profit/(loss)	211,882	9,658	19,775	(414)	(17,591)	5,290	228,600
Selling and distribution costs	(19,235)	–	–	–	–	–	(19,235)
General and administrative expenses	(39,391)	(468)	(1,753)	414	–	–	(41,198)
Social and social infrastructure maintenance expenses	(6,809)	–	–	–	–	–	(6,809)
Loss on disposal of property, plant and equipment	(1,591)	–	–	–	–	–	(1,591)
Foreign exchange gains	8,006	–	969	–	–	–	8,975
Other operating income/ (expenses), net	(2,467)	1,809	182	–	(1,669)	–	(2,145)
Dividend income	15	–	–	–	–	–	15
Interest income	1,077	110	–	–	–	–	1,187
Interest expense	(17,518)	(430)	(640)	–	–	–	(18,588)
Profit (loss) before tax	133,969	10,679	18,533	–	(19,260)	5,290	149,211
Income tax (expense) credit	(33,793)	(2,284)	(4,393)	–	4,062	(1,270)	(37,678)
Profit (loss) for the year	\$ 100,176	\$ 8,395	\$ 14,140	\$ –	\$ (15,198)	\$ 4,020	\$ 111,533
Attributable to:							
Equity holders of the parent entity	\$ 99,589	\$ 8,395	\$ 14,140	\$ –	\$ (15,198)	\$ 4,020	\$ 110,946
Minority interests	587	–	–	–	–	–	587
	\$ 100,176	\$ 8,395	\$ 14,140	\$ –	\$ (15,198)	\$ 4,020	\$ 111,533
Earnings per share:							
Basic and diluted, for profit attributable to equity holders of the parent entity, US dollars (Note 6)	\$ 0.15						\$ 0.14

The accompanying notes on pages 2 to 4 form an integral part of this pro forma consolidated financial information

ОАО Респдская

Notes to Pro Forma Consolidated Financial Information

Year ended 31 December 2006

(All amounts are in thousands of US dollars, unless specified otherwise)

1. Corporate Information

ОАО Респдская (“Респдская” or the “Company”) is an open joint-stock company (“OJSC”) registered under the law of the Russian Federation. The Company (together with its subsidiaries the “Group”) is one of the major coal mining groups in Russia. The Company commenced operations in 1973. The registered office of the Company is 106, Mira Street, Mezhdurechensk, the Kemerovo region, the Russian Federation.

The Company’s controlling shareholder is Corber Enterprises Limited (Cyprus) (“Corber”), a 50/50 joint venture set up by Mastercroft Mining Limited, a direct subsidiary of Evraz Group S.A. (Luxembourg), and Adroliv Investments Limited (Cyprus) (“Adroliv”).

On 14 September 2006, the Company acquired controlling ownership interest in ОАО MUK-96 (MUK-96) in a transaction with Corber which acquired controlling interest in MUK-96 on 31 May 2006 (Note 4). Prior to Corber’s acquisition of a controlling interest in MUK-96 and ЗАО Разрез Респдский (“Разрез Респдский”), both were controlled by Adroliv.

MUK-96, an open joint stock company registered in the Russian Federation, is mainly involved in coal mining. MUK-96 and ООО Респдский Уголь, the Company’s subsidiary, hold 99 shares (99% ownership interest) and 1 share (1% ownership interest) in Разрез Респдский, respectively. Разрез Респдский, a closed joint stock company registered in the Russian Federation, is mainly involved in rendering mining services to the Company, including open mine works at Респдская mine.

2. Basis of Preparation

This pro forma consolidated financial information is based on the Company’s historical consolidated financial statements included elsewhere in this document and MUK-96’s and Разрез Респдский’s historical financial information prepared in accordance with International Financial Reporting Standards (“IFRS”) except for the matters as discussed below.

This historical financial information was adjusted to give effect to the 31 May 2006 MUK-96 acquisition and subsequent reorganization of the Group in a transaction under common control. The pro forma consolidated income statement for the year ended 31 December 2006 gives effect to the MUK-96 acquisition as if it had occurred at the beginning of the year.

OAO Raspadskaya

Notes to Pro Forma Consolidated Financial Information (continued)

(All amounts are in thousands of US dollars, unless specified otherwise)

2. Basis of Preparation (continued)

MUK-96 and Razrez Raspadsky did not prepare their historical IFRS financial statements. For the purposes of preparation of this pro forma consolidated financial information, MUK-96 and Razrez Raspadsky compiled their historical financial information in accordance with IFRS except for property, plant and equipment which were accounted for at their fair values determined at 31 May 2006. The depreciation and depletion charges for the years ended 31 December 2006 and 2005 were determined through a roll-back of property, plant and equipment from 31 May 2006 to 1 January 2006.

The pro forma consolidated financial information is based on the assumption that all mining licenses owned by MUK-96 and Razrez Raspadsky on 31 May 2006 were acquired before 1 January 2006.

3. Intragroup Sales and Purchases

During the year ended 31 December 2006, Razrez Raspadsky purchased coal from the Company and sold coal concentrate and provided mining and other services to the Company. In addition, MUK-96 sold coal to Raspadskaya ZAO Financial Industrial Company ("RFPK") and RFPK sold coal concentrate to the Company.

Revenues and expenses, unrealised profits, and transactions between Razrez Raspadsky and the Company, and between MUK-96 and RFPK were eliminated in the pro forma consolidated financial information.

4. Acquisition of MUK-96 and Razrez Raspadsky

On 31 May 2006, as part of the Group's reorganization, Corber, the Company's parent, acquired 350,000 ordinary shares with a par value of 1 Russian rouble each (100% ownership interest) in MUK-96 from Adroliv in exchange for its own 7,200 ordinary shares with par value of 1 US dollar each and 4,800 preferred shares with par value of 1 US dollar each. Based on contractual agreements between the shareholders of Corber, the cost of the shares in MUK-96 was \$767,900. In addition, in April 2006, one of the Company's subsidiaries purchased 1% ownership interest in Razrez Raspadsky from MUK-96 for \$1,725.

On 14 September 2006, Corber contributed all of MUK-96's shares to the Company in exchange for the Company's 300,650,000 newly issued ordinary shares with a par value of 0.004 roubles each. As the exchange of the shares between the Company and its parent is a transaction under common control, it has been accounted for in the Company's consolidated financial statements using the pooling of interests method. As such, the historical consolidated financial information has been presented as if the transfers of controlling interests in MUK-96 had occurred on the date of the acquisition of MUK-96 by the Company's parent, which was 31 May 2006 and the pro forma consolidated income statement for the year ended 31 December 2006 gives effect to the MUK-96 acquisition as if it had occurred at the beginning of the year.

ОАО Распадская

Notes to Pro Forma Consolidated Financial Information (continued)

(All amounts are in thousands of US dollars, unless specified otherwise)

5. Sales through Entity under Common Control

In the year ended 31 December 2006, MUK-96 had sales transactions with RFPK, an entity under control of Adroliv. This entity was a trader of MUK-96 and earned trading margins on reselling activities. Commencing 1 June 2006, the Group ceased its trading activities with RFPK.

The Group recognised trading margins earned by RFPK, the entity under control of Adroliv, in its pro forma consolidated income statement because commencing 1 June 2006 margins earned by RFPK were earned by the Group. Related income tax effect was recognised at the Russian statutory profit tax rate of 24%. Net profit recognised on these transactions in the pro forma consolidated income statements was considered as a distribution to Adroliv.

6. Earnings per Share

Earnings per share are calculated by dividing the net income attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period.

The Group has no potentially dilutive ordinary shares; therefore, the diluted earnings per share equal to basic earnings per share.

The weighted average number of ordinary shares for the year ended 31 December 2006 included the effect of the share split on 20 March 2006, under which the Company's ordinary shares were subdivided in the ratio of one thousand for one share resulting in split of 480,000 ordinary shares with par value of 4 rubles each into 479,999,537 ordinary shares with par value of 0.004 rubles each. As the share split occurred without a corresponding change in the Group's resources, the shares after the split were deemed outstanding from the beginning of the year.

The weighted average number of ordinary shares for the year ended 31 December 2006 included the effect of the 300,650,000 ordinary shares which were issued by the Company on 14 September 2006 in connection with the Company's acquisition of MUK-96 and Razrez Raspadskiy (Note 1). The weighted average number of ordinary shares was calculated based on the assumption that these shares were outstanding from the beginning of the year.

	Year ended 31 December 2006	
	Historical basis	Pro forma basis
Weighted average number of ordinary shares for basic earnings per share	645,145,669	768,700,463
Profit for the year attributable to equity holders of the parent	\$ 99,589	\$ 110,946
Earning per share, basic and diluted, US dollars	\$ 0.15	\$ 0.14